



CITY OF
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Statement of City of Portland to FCC
Public Hearing on Media One Transfer to AT&T
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My name is Heather Barber, I am here to represent City Commissioner Erik Sten and the City of Portland, Oregon. According to Portland's form of government, Commissioner Sten is the lead local elected official on cable and telecommunications matters. I would like to give you a local perspective on the issues involved in the merger of Media One Group, Inc. and AT&T Corp.

In December of 1998, the city of Portland was asked to approve a similar merger, as were hundreds of cities across the country, in the form of transferring TCI's local franchises to AT&T. In Portland, that is a two-step process. First, Portland has a citizens' commission that looks at these issues. This is a group of everyday people from across the board who volunteer their time to look at what is in the public interest. They make a recommendation that comes to the Portland City Council which ultimately must approve all transfers.

Both the citizens' commission and the Portland City Council were excited about some of the opportunities that AT&T proposed to bring to Portland, or so they thought. The city was excited to have competitive local phone service that is needed in Portland. The city was very excited to have high-speed Internet access available at the home. That is a product that is very much welcome. But both our citizens' commission and our elected officials came to the conclusion that we thought open access was necessary to provide the kind of Internet service that Portland has become accustomed to.

Portland believes in competition. Portland believes in choice. And from Portland citizens' point of view--and Commissioner Sten has talked to hundreds of citizens since this issue has been raging in Portland over the last year--the idea of having only one way to access the Internet over high-speed cable modems is not acceptable in Portland, Oregon. The city has gone through the problems associated with monopolies, and simply believes that open access is the best approach.

It is a common sense position, and it has been supported across the board in Portland. Three or four key points continue to come up in Portland.

The first is this issue is not going to go away anytime soon. After buying TCI, now AT&T has bought Media One. AOL has bought Time Warner. There is no question that control of cable systems is concentrating into fewer and fewer companies.

Hundreds of cities across the country have been and will continue to be faced with the same problem as Portland; trying to come up with the right approach and trying to enforce local policies for competition and choice when there is no national policy in place. Now is the time for the FCC to act, and, in Portland's opinion, to put a national open access policy in place.

Secondly--I suspect you have heard and will hear that local governments are trying to regulate the Internet. That is a term that has been thrown around a lot. Simply said, that couldn't be further from the truth. Portland has no interest in regulating the Internet, never has, never will. None of the city's regulations have anything to do with content. In fact, by providing open access and choice, the city believes it is opening up the Internet and giving people in Portland the chance to subscribe to the kind of Internet provider they want, whatever it is. We have no interest in regulating the Internet, only public facilities.

Thirdly, we do not favor different technical standards. FCC officials have made the argument--and it has been bandied about--that if local governments take action on this issue, the country will end up with 30,000 technical standards. The city has not asked for, nor has it regulated, any technical standard. The city believes that any technical standard should be decided by the cable industry and by the FCC. The city's rule simply says that there must be open access in Portland. It is legal and was upheld by a Federal district court after AT&T sued us.

Finally--and this probably is the most important point for the FCC to consider--this is not an issue that citizens saw coming. Commissioner Sten is the Cable Commissioner and he did not see it coming, but it has been raging in Portland's newspapers and talk radio stations for a year. Obviously, the city was sued. It had a large impact. It has been very, very well discussed, and it is very, very important to local citizens. Whenever Commissioner Sten is stopped on the street or in the grocery store, the response is always, keep fighting for open access. Citizens in Portland have experienced monopolies in the past. They have experienced lack of choice.

Even if, as AT&T has threatened, deployment of high-speed Internet access is slowed down in Portland, people are willing to take a breath and fight to have open access and choice in the years to come. I believe you will continue to hear more from cities, state legislatures, and constituents as they begin to understand the importance of this issue.

In conclusion, what Commissioner Sten would say is that Portland firmly believes that open access is in the public interest; and Portland will remain firm despite the tremendous amount of pressure that has been put upon the city.

I would like to share two incidents with you--and keep in mind that Portland has tried hard to work with AT&T. And, as I indicated in the opening, Portland welcomes many of AT&T's products and welcomes their investment in the community.

After the Portland citizens' commission recommended that open access was the right approach, an AT&T representative was quoted in the local newspaper as saying, "I hope

Portland has a very large legal budget." Portland does not, but it does have principles and is willing to stand up for those principles.

AT&T sued us over this. Portland went to Federal District Court. I am sure most of you have a copy of the decision. There is a 16-page opinion by a Federal District Court judge that is clear and unequivocal that Portland has the authority to set a local open access policy. Now Portland has spent more local taxpayer dollars having this decision appealed. AT&T is likely to appeal the 9th Circuit Court's decision after Portland wins again.

After Portland won the District Court case, AT&T put out a written press release that claimed the real losers were the citizens of Portland.

I will end by saying that Portland believes strongly, as much as it values investment in the community, that no large corporation should be able to hold a community hostage and threaten not to put key public services in place because they disagree with local policy. If the FCC understands the results of their inaction, it must know that now is the time to act; now is the time for a national policy.

Commissioner Sten would like to commend the FCC for having this hearing today. This is a very important issue. It is important that the FCC act to take Portland and other local jurisdictions out of the position of having to do battle with AT&T and other cable companies that would rather litigate than obey local law. Thank you.